

## SENATE BILL No. 539

### DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 16-19; IC 12-8-6; IC 12-10-12; IC 12-15.

**Synopsis:** State department of health reorganization. Changes the name of the state department of health to the state department of health policy and financing. Reorganizes the primary functions of the state department into an office of the commissioner and four bureaus, including: (1) fiscal policy and control; (2) regulatory affairs; (3) health policy and planning; and (4) information technology services. Creates an office of the state health commissioner as the central administrative body of the state department that includes the state health commissioner and the director of each bureau. Transfers the functions of the office of Medicaid policy and planning from the office of the secretary of family and social services to the state department of health policy and financing. Transfers the nursing home preadmission screening program to the division of Medicaid policy and planning of the state department of health policy and financing. Establishes the state department of health reorganization committee to prepare any legislation needed to implement the change of name of the state department of health and the transfer of responsibilities for Medicaid from the office of the secretary of family and social services to the state department of health policy and financing.

**Effective:** July 1, 2001; March 31, 2002; April 1, 2002.

**Johnson**

January 23, 2001, read first time and referred to Committee on Rules and Legislative Procedure.



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First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

## SENATE BILL No. 539

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A BILL FOR AN ACT to amend the Indiana Code concerning health.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 16-19-1-1 IS AMENDED TO READ AS  
2 FOLLOWS [EFFECTIVE APRIL 1, 2002]: Sec. 1. The state  
3 department of health **policy and financing** is established.
- 4 SECTION 2. IC 16-19-2-1 IS AMENDED TO READ AS  
5 FOLLOWS [EFFECTIVE APRIL 1, 2002]: Sec. 1. (a) The executive  
6 board of the state department of health **policy and financing** is  
7 established.
- 8 (b) The executive board consists of ~~eleven (11)~~ **twelve (12)**  
9 members appointed by the governor as follows:
- 10 (1) Three (3) licensed physicians.  
11 (2) One (1) sanitary engineer.  
12 (3) One (1) pharmacist.  
13 (4) One (1) dentist.  
14 (5) One (1) veterinarian.  
15 (6) One (1) registered nurse.  
16 (7) One (1) hospital administrator.  
17 (8) One (1) health facility administrator.



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(9) **One (1) community mental health center director.**

(10) One (1) other person.

SECTION 3. IC 16-19-3-27 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]: **Sec. 27. The bureau of fiscal policy and control of the state department shall administer the state's Medicaid program through the division of Medicaid policy and planning established by IC 16-19-14.**

SECTION 4. IC 16-19-4-1.5 IS ADDED TO THE INDIANA CODE AS A **NEW SECTION** TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]: **Sec. 1.5. (a) The office of the state health commissioner is established.**

**(b) The office of the state health commissioner includes the following:**

**(1) The state health commissioner.**

**(2) Each bureau.**

SECTION 5. IC 16-19-4-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]: Sec. 2. (a) The governor shall appoint the state health commissioner, who serves at the will and pleasure of the governor, **to coordinate health programs and policies among the bureaus.**

**(b) The state health commissioner must hold an unlimited license to practice medicine under IC 25-22.5.** It is the intent of the general assembly that the office of the state health commissioner be held by a person who is qualified by training and experience to administer the affairs of the state department. **The state health commissioner must possess the following qualifications:**

**(1) An unlimited license to practice medicine under IC 25-22.5.**

**(2) A doctorate level degree.**

**(3) Experience or training in population based health.**

**(4) Experience in biomedical models of health care.**

**(5) At least five (5) years of executive management experience.**

**(6) Demonstrated ability to administer an agency.**

SECTION 6. IC 16-19-4-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]: Sec. 8. (a) **The state health commissioner has administrative responsibility for the office of the state health commissioner.**

**(b) The state health commissioner may, subject to the approval of the executive board, organize the personnel and functions of the state department into divisions and subdivisions as provided in this article to carry out the state health commissioner's powers and duties and the**

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1 powers and duties of the state department.

2 ~~(b)~~ (c) The state health commissioner may periodically consolidate,  
3 divide, or abolish divisions and subdivisions **within the framework**  
4 **provided in this article** as is necessary to carry out those powers and  
5 duties.

6 (d) The state health commissioner shall assign each division to  
7 one (1) of the bureaus under IC 16-19-4.2, IC 16-19-4.3,  
8 IC 16-19-4.4, or IC 16-19-4.5.

9 (e) A bureau is responsible for supervising each division  
10 assigned to the bureau under subsection (d).

11 SECTION 7. IC 16-19-4.1 IS ADDED TO THE INDIANA CODE  
12 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
13 APRIL 1, 2002]:

14 **Chapter 4.1. Bureaus and Directors**

15 **Sec. 1. The state department of health policy and financing**  
16 **includes the following bureaus:**

17 (1) The bureau of fiscal policy and control established by  
18 IC 16-19-4.2-1.

19 (2) The bureau of regulatory affairs established by  
20 IC 16-19-4.3-2.

21 (3) The bureau of health policy and planning established by  
22 IC 16-19-4.4-1.

23 (4) The bureau of information technology services established  
24 by IC 16-19-4.5-1.

25 **Sec. 2. Subject to the approval of the executive board, the state**  
26 **health commissioner:**

27 (1) shall appoint each director of a bureau; and

28 (2) may terminate the employment of a director of a bureau.

29 **Sec. 3. (a) A director is the chief administrator of a bureau.**

30 (b) A director is responsible to the state health commissioner for  
31 the operation and performance of the bureau that the director  
32 oversees.

33 **Sec. 4. A director is the appointing authority for the bureau that**  
34 **the director oversees.**

35 **Sec. 5. A director of a bureau may submit any suggested rules**  
36 **to the:**

37 (1) office of the state health commissioner; and

38 (2) executive board;

39 for review.

40 **Sec. 6. A director of a bureau is responsible for the development**  
41 **and presentation of the budget of the bureau that the director**  
42 **oversees.**

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SECTION 8. IC 16-19-4.2 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]:

**Chapter 4.2. Bureau of Fiscal Policy and Control**

**Sec. 1.** The bureau of fiscal policy and control is established.

**Sec. 2. (a)** The bureau is responsible for all monetary and policy aspects of fiscal matters relating to programs administered by the state department.

**(b)** The bureau shall administer any categorical federal grants made to the state in the area of health.

**Sec. 3.** The director of the bureau shall appoint an administrator to oversee:

(1) the division of Medicaid policy and planning established by IC 16-19-14-1; and

(2) the state Medicaid program.

**Sec. 4.** The director of the bureau shall possess the following qualifications:

(1) An advanced degree in fiscal management.

(2) At least five (5) years experience in public fiscal policy.

(3) Senior management experience in fiscal policy and management.

SECTION 9. IC 16-19-4.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]:

**Chapter 4.3. Bureau of Regulatory Affairs**

**Sec. 1. (a)** As used in this chapter, "regulatory functions" refers to an activity of the state department to ascertain that a program, facility, or other entity complies with regulations adopted by the state department or the federal government.

**(b)** The term includes acute care and long term care surveys and licensing and any other regulatory program administered by the state department.

**Sec. 2.** The bureau of regulatory affairs is established.

**Sec. 3.** The bureau shall administer all regulatory functions of the state department.

**Sec. 4.** The director of the bureau shall possess the following qualifications:

(1) An unlimited license to practice medicine under IC 25-22.5.

(2) An advanced degree in an area related to health regulation or quality assurance.

(3) At least five (5) years experience in one (1) or both of the

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disciplines listed in subdivision (2).

SECTION 10. IC 16-19-4.4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]:

**Chapter 4.4. Bureau of Health Policy and Planning**

**Sec. 1.** The bureau of health policy and planning is established.

**Sec. 2. (a)** The bureau is responsible for developing health policy for the state.

**(b)** Local public health functions are located within the bureau.

**Sec. 3.** The director of the bureau shall possess the following qualifications:

**(1)** An unlimited license to practice medicine under IC 25-22.5.

**(2)** An advanced degree or demonstrated experience in population based health policy and planning.

**(3)** At least five (5) years experience in medical practice.

SECTION 11. IC 16-19-4.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]:

**Chapter 4.5. Bureau of Information Technology Services**

**Sec. 1.** The bureau of information technology services is established.

**Sec. 2.** The bureau has the following functions:

**(1)** Developing information systems for the bureaus.

**(2)** Planning strategic and analytical systems for the bureaus listed in IC 16-19-4.1-1.

**(3)** Designing technical architecture for all bureaus listed in IC 16-19-4.1-1.

**(4)** Overseeing the state health data center established under IC 16-19-10.

**Sec. 3.** The director shall possess the following qualifications:

**(1)** An advanced degree in an area related to information systems.

**(2)** Demonstrated expertise in the planning, execution, and implementation of large state-of-the-art information systems.

**(3)** Senior management experience in management information systems.

**(4)** Knowledge of health care information systems.

SECTION 12. IC 16-19-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE APRIL 1, 2002]:

**Chapter 14. Division of Medicaid Policy and Planning**



1       **Sec. 1.** The division of Medicaid policy and planning is  
2 established.

3       **Sec. 2.** The director of the bureau of fiscal policy and control  
4 shall appoint an administrator responsible for management of the  
5 division.

6       **Sec. 3.** The division is designated as the single state agency for  
7 administration of the state Medicaid program.

8       **Sec. 4.** The division shall develop and coordinate Medicaid  
9 policy for the state.

10       **Sec. 5.** The office of the state health commissioner, with the  
11 approval of the executive board, may adopt rules under IC 4-22-2  
12 to implement this chapter and the state Medicaid program.

13       **Sec. 6. (a)** For purposes of IC 4-21.5, the office of the state  
14 health commissioner is the ultimate authority for the state  
15 Medicaid program.

16       **(b)** The office of the state health commissioner, with the  
17 approval of the executive board, shall adopt rules under IC 4-22-2  
18 to specify any additional necessary procedures for administrative  
19 review of an agency action under IC 4-21.5 and the state Medicaid  
20 program.

21       **SECTION 13.** THE FOLLOWING ARE REPEALED [EFFECTIVE  
22 APRIL 1, 2002]: IC 12-8-6; IC 12-10-12; IC 12-15.

23       **SECTION 14.** [EFFECTIVE MARCH 31, 2002] **(a)** On April 1,  
24 2002, the powers, duties, and functions of the division of disability,  
25 aging, and rehabilitative services and the powers, duties, and  
26 functions of the office of the secretary of family and social services  
27 concerning the health facility preadmission screening program are  
28 transferred to the division of Medicaid policy and planning of the  
29 state department of health policy and financing.

30       **(b)** This SECTION expires December 31, 2002.

31       **SECTION 15.** [EFFECTIVE MARCH 31, 2002] **(a)** On April 1,  
32 2002, the powers, duties, and functions of the office of Medicaid  
33 policy and planning and the powers, duties, and functions of the  
34 office of the secretary of family and social services concerning the  
35 office of Medicaid policy and planning are transferred to the state  
36 department of health policy and financing.

37       **(b)** This SECTION expires December 31, 2002.

38       **SECTION 16.** [EFFECTIVE MARCH 31, 2002] **(a)** On April 1,  
39 2002, the property and records of the office of the secretary of  
40 family and social services concerning the office of Medicaid policy  
41 and planning are transferred to the state department of health  
42 policy and financing.

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(b) This SECTION expires December 31, 2002.

SECTION 17. [EFFECTIVE MARCH 31, 2002] (a) On April 1, 2002, any appropriations made to the office of the secretary of family and social services to administer the office of Medicaid policy and planning and the Medicaid program are transferred to the state department of health policy and financing to be used for the purpose of administering the division of Medicaid policy and planning under IC 16-19-14, as added by this act, and the Medicaid program.

(b) This SECTION expires June 30, 2003.

SECTION 18. [EFFECTIVE MARCH 31, 2002] (a) On April 1, 2002, an individual who was an employee of the office of Medicaid policy and planning on March 31, 2002, is an employee of the division of Medicaid policy and planning (established by IC 16-19-14, as added by this act) of the state department of health policy and financing.

(b) An employee described in subsection (a) is entitled to have the employee's service on March 31, 2002, included for the purpose of computing:

- (1) retention points under IC 4-15-2-32 if a layoff occurs; and
- (2) all other applicable employment benefits.

SECTION 19. [EFFECTIVE APRIL 1, 2002] (a) The office of the state health commissioner, with the approval of the executive board of the state department of health policy and financing, shall adopt rules under IC 4-22-2 to amend references in existing rules to indicate that the state department of health policy and financing and not the office of the secretary of family and social services is the department that supervises the division of Medicaid policy and planning and administers the Medicaid program.

(b) This SECTION expires December 31, 2003.

SECTION 20. [EFFECTIVE APRIL 1, 2002] (a) Not later than August 1, 2002, the office of the state health commissioner established by IC 16-19-4-1.5, as added by this act, shall assign each division of the state department of health policy and financing to one (1) bureau as required under IC 16-19-4-8, as amended by this act.

(b) A bureau is responsible for supervising each division assigned to the bureau under this SECTION.

(c) This SECTION expires December 31, 2002.

SECTION 21. [EFFECTIVE JULY 1, 2001] (a) As used in this SECTION, "committee" refers to the state department of health reorganization committee established under this SECTION.

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(b) There is established the state department of health reorganization committee. The committee consists of twelve (12) members as follows:

(1) Three (3) members of the senate health and provider services committee to be appointed by the president pro tempore of the senate.

(2) Three (3) members of the senate health and provider services committee to be appointed by the minority leader of the senate.

(3) Three (3) members of the house public health committee to be appointed by the speaker of the house of representatives.

(4) Three (3) members of the house public health committee to be appointed by the minority leader of the house of representatives.

(c) A member appointed under this SECTION serves at the pleasure of the appointing authority. If a vacancy exists on the committee, the vacancy shall be filled by the person who made the original appointment.

(d) The chairman of the legislative council shall name the chairperson of the committee. The chairperson of the committee serves at the pleasure of the chairman of the legislative council.

(e) The committee shall provide for the introduction of legislation in the 2002 and 2003 regular sessions of the general assembly to do the following:

(1) Make appropriate changes to references in statutes that are required by this act.

(2) Revise and consolidate the statutes relating to:

(A) the reorganization of the state department of health; and

(B) the transfer of responsibility for the Medicaid program to the state department of health;

under this act.

(3) Otherwise implement this act.

(f) The committee may study any issue related to its responsibilities.

(g) The committee shall operate under the policies governing study committees adopted by the legislative council.

(h) The legislative services agency shall staff the committee.

(i) The office of the secretary of family and social services and the state department of health shall assist the committee as directed by the chairperson of the committee.

(j) The affirmative votes of a majority of the members



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1 appointed to the committee are required for the committee to take  
2 action on any measure, including final reports.

3 (k) Each member of the committee is entitled to receive the  
4 same per diem, mileage, and travel allowances paid to members of  
5 the general assembly serving on interim study committees  
6 established by the legislative council.

7 (l) This SECTION expires December 31, 2002.

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